

News Release



Controller of the State of California - Kathleen Connell

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FOR IMMEDIATE RELEASE

Budget Impasse Results in Withheld Checks To Legislative Staff By Controller Connell

Without Agreement Connell Elects Not To Pay 2,000 Aides

SACRAMENTO, July 15 -- Approximately 2,000 legislative staffers will go without paychecks today, as State Controller Kathleen Connell chose to withhold payment due to the budget impasse. Connell also emphasized that to date, more than a billion dollars in State payments have been withheld from counties and vendors that work with the state.

"It's very simple: No budget, no checks," Connell stated. "It's unfortunate, but when hard-working companies that do business with the State are unable to be paid, the people responsible should also share in the discomfort. While we remained hopeful that a budget would be passed in time to avoid this unpleasant consequence to legislative staffers, the reality is that the failure of their bosses to pass a timely budget resulted in their being left 'holding the bag.'"

The Controller stressed that the majority of the State's 250,000 workers are covered by the Fair Labor Standards Act (FLSA) and will still receive their paychecks regardless of the budget situation. However, she will not pay state workers who are not covered by FLSA such as legislative staffers and high-level political appointees. Furthermore, without a current budget, she was forced to withhold checks to vendors that work for the State, which will also have a direct, negative impact on California's economy and individual households.

"Throughout California many small businesses rely on state contracts to provide their employees with a livable wage," said Connell. "The Legislature and Governor need a reality-check in Sacramento. The political gaming going on in the Capitol is jeopardizing the fiscal livelihood of many innocent, hard-working individuals."

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Connell added: "What's even more discouraging is that the issues delaying a budget resolution were identified last fall. This budget impasse didn't have to happen, everyone involved knew welfare reform, state employee raises and educational spending would result in challenging budget negotiations -- and everyone had plenty of time to resolve philosophical differences.

"California has a surplus in revenues this year," Connell continued. "It's completely unforgivable to punish companies doing business with the State by allowing invoices to go unpaid daily. Taxpayers are expected to pay their bills on time and they expect government to produce a timely budget. I don't believe the public will be sympathetic to the political mumbo-jumbo surrounding these budget negotiations."

Connell stated that several major payments totaling over a billion dollars, including payments to California's counties, already have been missed. Currently, more than \$200 million is owed to counties from California's motor vehicle license fees.

"Our counties are already desperately strapped for funds," Connell added. "Now, more than ever, they need to receive much-needed, timely transfers of monies due. The fiscal crunch for counties is far more severe than that of the State. I strongly urge our leaders in Sacramento to act now and find agreement on a responsible and fair budget immediately."

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